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SUBJECT: EXPANDING ITALY'S ROLE IN IRAQ: LETTER FROM FM
FRATTINI TO AMBASSADOR SEMBLER

REF: ROME 4974

[1](#). (U) SUMMARY: Following is a letter and non-paper from FM Frattini to Ambassador Sembler dated December 23, 2003. The letter emphasizes Italy's continued determination to assume a greater role in Iraqi reconstruction and tacitly refers to the GOI's prior request for a senior position in CPA (Ref A). The accompanying non-paper highlights five distinct projects that are the focus of Italy's Iraq reconstruction efforts in the telecommunications, transportation infrastructure, water/irrigation, power generation, and information technology sectors. END SUMMARY.

[2](#). (U) Informal Embassy translation of letter from FM Frattini to Ambassador Sembler:

Rome, December 23, 2003

Dear Ambassador,

Last October I sent to your kind attention a brief note pointing out sectors of Iraqi reconstruction of particular interest to Italy.

Thanks to your authoritative involvement, I understand that our position and our legitimate expectations were brought to the attention of the appropriate authorities both in Washington and with the CPA in Baghdad. I am grateful for the fact that our request was received favorably; it now needs to be realized.

Our determination in this regard is steadfast and we have recently more deeply specified projects which could further qualify Italy's capacity to positively contribute to the economic recovery of Iraq.

The new aide-memoire which I am enclosing is the result of an important review and identification of projects, to which, in certain cases, we have already committed significant financial and technical resources.

I am confident that you will want to assure that Washington understands our enduring commitment and the confidence with which we regard Italy's participation in Iraqi reconstruction.

((Complementary closure)),

Franco Frattini

[3](#). (U) Text of non-paper (in English) "Participation To The Reconstruction of Iraq":

Italy is the third largest contributor to the stabilization force in Iraq, having placed at its disposal over three-thousand troops, whose mission will be extended for six more months next year, and more than 35 civilian experts, both in Baghdad, Basra and the Dhi-Qar province. Italy is an important financial contributor as well as having pledged at the Madrid Conference additional multi-annual funds of USD 250 million on top of the 250 million already disbursed this year. Italy is extremely keen to be involved in the reconstruction programs and its business community expects to take an active part in the large program of projects which is scheduled to be finalized in the early weeks of 2004.

In this context Italy is particularly interested in the following projects:

-- In the telecommunications sector, Telecom Italia has submitted a detailed proposal for linking the Iraqi fixed telephone system to the international grid via Jordan and Israel. The projects known as "Med-Nautilus" has been already presented in Baghdad to the CPA and the competent Iraqi interim minister, and in Washington (DoS, CPA, NSC, USAID).

-- In the transportation and infrastructure sector Italy has contributed USD 1.8 million through a special bill for Iraq to the drafting of a new Iraqi Transport Master Plan, which aims at restructuring the entire transportation grid of the country, including airports as well as railways and highways. The contract should be entrusted to a consortium of 5 companies led by Italferr and organized under the umbrella of the Italian Ministry of Infrastructure. Through the drafting

of the Master Plan a number of "Fast Track Projects" have been already identified in which the Italian companies can provide assistance, notably in respect of the intermodal

Center of Umm Qasr, which is linked to the rehabilitation of the civilian airport of Bassora, the reconstruction of the North-South axis railway, and the repair of Highway n.1 connecting Baghdad and Hilla.

-- Concerning irrigation and water resources Italy is actively involved in the "New Eden" project, developed by the Italian Ministry of Environment together with the "Iraqi Foundation" for the reclaiming of the marshlands in the Southern region. Italy is interested as well in building the Dam of Bukhme, one of the biggest projects connected to the construction bill.

-- In the field of Electric power generation, Ansaldo Energia, the Fata Group, and the Finmeccanica Group have considerable experience in the Iraqi market, and have over the last thirty years supplied a wide range of power generating units as well as turn-key installations. They could assist in the updating and renovation of the power generation systems of the country. Italy is also interested in the rehabilitation program of the Dam of Bukhme, one of the biggest projects connected to the construction of a power plant (Techint is interested in leading and international consortium).

-- A program of monetization of the Iraqi "food basket," by means of debit cards to be issued to every adult citizen, is being discussed. It will call for sophisticated IT and communications technology, for which the Italian company ELSAG has considerable expertise and possesses leading-edge technology.

Next January Italian companies will attend two major international events, which will take place in Jordan and Kuwait and which are aimed at promoting the opportunities offered by the Iraqi market to the international business community. There will be an Italian official presence at the Amman exhibition, organized by the U.S. Department of Commerce. Moreover, the Italian Vice Minister for Trade will lead a national delegation of about 100 Italian companies to the exhibition "Rebuild Iraq," which will take place in Kuwait. On both occasions we wish to have the opportunity of establishing close contacts with the American delegations.

Some Italian companies have already showed a strong interest in taking part as prime contractors in the international tenders open to the member countries of the Coalition. Among them are those known in the electric power generation sector Magrini, associated with Nuovo Galileo, and GTT, and in a number of other sectors Techint, Ansaldo, Fata, Nuovo Pignone, Alenia-Marconi and Comat.

14. (U) End text.
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